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May 19, 2008

**VIA OVERNIGHT MAIL**

Hon. Loretta A. Preska  
United States District Court Judge  
United States District Court for the Southern District of New York  
500 Pearl Street  
New York, New York 10007

Re: Allianz v. Milosevic  
Docket No.: 07 CIV 6717  
D/L: 05/13/02  
Claim: No.: L01034536GM  
Our File No.: 36-5266-00-6

**RECEIVED**  
MAY 20 2008

LORETTA A. PRESKA  
U.S. DISTRICT JUDGE  
S. D. N. Y.

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Dear Judge Preska:

We represent Plaintiff's counsel. This letter is sent pursuant to Your Honor's request at the last Court Conference.

At the last Court Conference, we advised Your Honor that Plaintiff made a settlement demand upon Defendant as follows: On or before May 1, 2008, Plaintiff's counsel receives a settlement check in the amount of \$10,000.00. On June 1, 2008, and every month thereafter on the 1st of the month, for the next twelve (12) months, up to and including June 1, 2009, Plaintiff's counsel receives a settlement check in the amount of \$1,000.00.

In response to Plaintiff's settlement demand, defense counsel offered a one time payment of \$1,000.00, to settle the case. At that time, defense counsel stated that his client was in dire financial straights and cannot afford to pay more than that amount. As such, Your Honor Ordered Defendant to respond to Plaintiff's March 3, 2008 letter which outlined numerous financial requests necessary for Plaintiff to evaluate Defendant's real financial condition. Your Honor further Ordered Plaintiff's counsel to advise Your Honor, on or before May 20, 2008, of the status of Defendant's response, Plaintiff's settlement position in light of the response and, if necessary, a request for a Discovery Conference.

Defendant did respond to Plaintiff's requests. Defendant's tax returns showed the following:

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2005 - - Dr. Milosevic filed a Joint Tax Return with his spouse. The Return reflected an Adjusted Gross Income of \$84,389.00. However, that amount was reflective of a sale of his home in Toms River for \$700,000.00. The Return indicated a capital gain on the sale of the home at \$101,802.00. There is no further indication in any document provided which demonstrates what happened to the \$700,000.00 or \$101,802.00 (this will be addressed below). Dr. Milosevic was self-employed and his return showed Gross Income of \$28,665.00.

2006 - - A Joint Tax Return was again filed. This time, the Adjusted Gross Income was \$15,907.00. Dr. Milosevic's business showed a Gross Income of \$42,432.00.

2007 - - A Joint Tax Return was again filed. The Adjusted Gross Income was \$27,885.00. Dr. Milosevic's business's Gross Income was \$65,968.00.

After receiving the Affidavit, Plaintiff's counsel sent a letter to defense counsel, on April 23, 2008. The letter requested information, in Affidavit form, as to an accounting and description of what happened to the sale proceeds of the Toms River house. Further, the letter requested information, in Affidavit form, as to the sale of 30 Central Park South, Unit 1A, New York, New York 10019 (which was not discussed in the received Affidavit and/or produced Tax Returns). Finally, following the Court Conference with Your Honor, defense counsel advised us that Defendant had a Time Share in Cancun. Since the Affidavit and Tax Returns did not reflect any real estate investment, time share, etc., our April 23, 2008 requested an Affidavit addressing any Time Shares.

To date, we have not received a supplement Affidavit from Defendant. Instead, we received a voice mail message from defense counsel stating that the \$1,000.00 offer was a nuisance value offer; defendant has a slam dunk case; and, if we do not accept that offer, we will proceed with discovery.

Based upon the information on hand, Dr. Milosevic appears to be in a financial position to make a settlement offer greater than \$1,000.00, on a \$306,927.87 case. Plaintiff recently made a revised settlement demand upon Defendant, as follows: \$1,000.00 payment within thirty (30) days, a \$2,500.00 in six (6) months, and a final \$2,500.00 in one (1) year from the first payment. Clearly, this is a total settlement demand of \$6,000.00, over one (1) year; any rejection of this settlement demand by Defendant is unreasonable.

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Therefore, at this point in time, unless Defendant communicates to all of us that it is accepting Plaintiff's revised settlement demand, we will need a Court Conference to discuss a discovery schedule.

Thank you.

Respectfully submitted,

CLAUSEN MILLER P.C.

By:

Robert H. Stern

RAS:jv

cc: Joshua Bernstein (via overnight mail)  
Warren Miller

*Counsel and defendant shall appear at  
a conference on June 10, 2008 at 9:00 a.m.*

*May 21, 2008*

SO ORDERED

*Loretta A. Preska*  
LORETTA A. PRESKA  
UNITED STATES DISTRICT JUDGE